

**REPORT OF THE AUDIT OF THE
METCALFE COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2016**



**MIKE HARMON
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EXECUTIVE SUMMARY

AUDIT OF THE METCALFE COUNTY FISCAL COURT

June 30, 2016

The Auditor of Public Accounts has completed the audit of the Metcalfe County Fiscal Court for the fiscal year ended June 30, 2016.

We have issued an unmodified opinion, based on our audit, of the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Metcalfe County Fiscal Court.

Financial Condition:

The Metcalfe County Fiscal Court had total receipts of \$4,708,900, disbursements of \$4,610,681, and financing proceeds of \$173,244 in fiscal year 2016. This resulted in a total ending fund balance of \$3,308,835, which is an increase of \$271,463 from the prior year.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities.

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
Honorable Greg Wilson, Metcalfe County Judge/Executive
Members of the Metcalfe County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Metcalfe County Fiscal Court, for the year ended June 30, 2016, and the related notes to the financial statement which collectively comprise the Metcalfe County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Metcalfe County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Metcalfe County Fiscal Court as of June 30, 2016, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Metcalfe County Fiscal Court as of June 30, 2016, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Metcalfe County Fiscal Court. The Budgetary Comparison Schedules and Capital Asset Schedule are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying Budgetary Comparison Schedules and Capital Asset Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and Capital Asset Schedule are fairly stated in all material respects in relation to the financial statement as a whole.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2017, on our consideration of the Metcalfe County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Metcalfe County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

April 27, 2017

METCALFE COUNTY OFFICIALS

For The Year Ended June 30, 2016

Fiscal Court Members:

Greg Wilson	County Judge/Executive
Scotty Mosby	Magistrate
Teresa Hamlett	Magistrate
Moe Hensley	Magistrate
Kenny Scott	Magistrate

Other Elected Officials:

Barry Gilley	County Attorney
Jimmy Shive	Jailer
Carol E. Chaney	County Clerk
Tommy Garrett	Circuit Court Clerk
Rondal Shirley	Sheriff
Michael Welsh	Property Valuation Administrator
Larry Wilson	Coroner

Appointed Personnel:

Vickie Stephens	County Treasurer
Lorrie Boston	Deputy Judge/Executive

**METCALFE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS**

For The Year Ended June 30, 2016

METCALFE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2016

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 1,322,036	\$	\$	\$
In Lieu Tax Payments	188,002			
Excess Fees	117,624			
Licenses and Permits	1,490			
Intergovernmental	141,018	1,519,193	87,634	9,757
Miscellaneous	164,126		205	
Interest	17,716	4,044	90	38
Total Receipts	<u>1,952,012</u>	<u>1,523,237</u>	<u>87,929</u>	<u>9,795</u>
DISBURSEMENTS				
General Government	955,128	13		18,734
Protection to Persons and Property	161,093		153,475	
General Health and Sanitation	191,952	16,830		
Social Services	6,500			3,875
Recreation and Culture	774			
Roads		1,446,909		
Debt Service	139,554	21,579		
Administration	554,988	153,051	16,887	4,199
Total Disbursements	<u>2,009,989</u>	<u>1,638,382</u>	<u>170,362</u>	<u>26,808</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(57,977)</u>	<u>(115,145)</u>	<u>(82,433)</u>	<u>(17,013)</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	98,963	74,281		
Transfers From Other Funds	252,214	226,809	106,000	
Transfers To Other Funds	(106,000)	(213,260)		
Total Other Adjustments to Cash (Uses)	<u>245,177</u>	<u>87,830</u>	<u>106,000</u>	
Net Change in Fund Balance	187,200	(27,315)	23,567	(17,013)
Fund Balance - Beginning (Restated)	863,063	430,557	47,741	53,131
Fund Balance - Ending	<u>\$ 1,050,263</u>	<u>\$ 403,242</u>	<u>\$ 71,308</u>	<u>\$ 36,118</u>
Composition of Fund Balance				
Bank Balance	\$ 1,057,045	\$ 406,154	\$ 71,308	\$ 36,118
Less: Outstanding Checks	(6,782)	(2,912)		
Certificate of Deposit				
Fund Balance - Ending	<u>\$ 1,050,263</u>	<u>\$ 403,242</u>	<u>\$ 71,308</u>	<u>\$ 36,118</u>

The accompanying notes are an integral part of the financial statement.

METCALFE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2016
(Continued)

Budgeted Funds						
State Grants Fund	Federal Grants Fund	DES Fund	Ambulance Fund	Spay and Neuter Fund	Homeland Security Fund	Road Emergency Fund
\$	\$	\$	\$ 230,519	\$	\$	\$
33,696	374,486	64,291	26,748	660		
38						
209	288	28	3,832	1		493
<u>33,943</u>	<u>374,774</u>	<u>64,319</u>	<u>261,099</u>	<u>661</u>		<u>493</u>
			10,035			
	86,725	57,980	138,024			
53,497				660		
		17,581				
<u>53,497</u>	<u>86,725</u>	<u>75,561</u>	<u>148,059</u>	<u>660</u>		
(19,554)	288,049	(11,242)	113,040	1		493
	(243,543)	(22,220)				
	<u>(243,543)</u>	<u>(22,220)</u>				
(19,554)	44,506	(33,462)	113,040	1		493
146,016	170,316	50,397	1,027,906	1,005	1,215	245,975
<u>\$ 126,462</u>	<u>\$ 214,822</u>	<u>\$ 16,935</u>	<u>\$ 1,140,946</u>	<u>\$ 1,006</u>	<u>\$ 1,215</u>	<u>\$ 246,468</u>
\$ 128,186	\$ 214,822	\$ 20,966	\$ 771,034	\$ 1,006	\$ 1,215	\$ 246,468
(1,724)		(4,031)				
			369,912			
<u>\$ 126,462</u>	<u>\$ 214,822</u>	<u>\$ 16,935</u>	<u>\$ 1,140,946</u>	<u>\$ 1,006</u>	<u>\$ 1,215</u>	<u>\$ 246,468</u>

The accompanying notes are an integral part of the financial statement.

METCALFE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2016
(Continued)

	Budgeted Funds			Unbudgeted Fund	Total Funds
	Parks and Recreation Fund	Courthouse Construction Fund	Courthouse Renovation Fund	Public Properties Corporation Fund	
RECEIPTS					
Taxes	\$	\$	\$	\$	\$ 1,552,555
In Lieu Tax Payments					188,002
Excess Fees					117,624
Licenses and Permits					1,490
Intergovernmental				400,638	2,658,121
Miscellaneous					164,369
Interest					26,739
Total Receipts				400,638	4,708,900
DISBURSEMENTS					
General Government					983,910
Protection to Persons and Property					597,297
General Health and Sanitation					262,939
Social Services					10,375
Recreation and Culture					774
Roads					1,446,909
Debt Service				400,638	561,771
Administration					746,706
Total Disbursements				400,638	4,610,681
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)					98,219
Other Adjustments to Cash (Uses)					
Financing Obligation Proceeds					173,244
Transfers From Other Funds					585,023
Transfers To Other Funds					(585,023)
Total Other Adjustments to Cash (Uses)					173,244
Net Change in Fund Balance					271,463
Fund Balance - Beginning (Restated)				50	3,037,372
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 50	\$ 3,308,835
Composition of Fund Balance					
Bank Balance	\$	\$	\$	\$ 50	\$ 2,954,372
Less Outstanding Checks					(15,449)
Certificate of Deposit					369,912
Ending Fund Balance	\$ 0	\$ 0	\$ 0	\$ 50	\$ 3,308,835

The accompanying notes are an integral part of the financial statement.

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TO THE FINANCIAL STATEMENT**

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METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2016

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Metcalfe County includes all budgeted and unbudgeted funds under the control of the Metcalfe County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

Metcalfe County Health Services, Inc. would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis they are no longer a required component of the reporting entity. Audits of the Metcalfe County Health Services, Inc. can be obtained from the Metcalfe County Fiscal Court at P.O. Box 149, Edmonton, KY 42129.

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally, except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale 90 days following April 15.

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the general fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

State Grants Fund - The primary purpose of this fund is to account for state grants and related disbursements.

Federal Grants Fund - The primary purpose of this fund is to account for federal grants and related disbursements.

Disaster Emergency Services (DES) Fund - The primary purpose of this fund is to account for receipts and disbursements related to DES services.

Ambulance Fund - The primary purpose of this fund is to account for receipts and disbursements related to providing ambulance services in the county.

Spay and Neuter Fund - The primary purpose of this fund is to account for receipts and disbursements associated with the services provided.

Homeland Security Fund - The primary purpose of this fund is to account for receipts and disbursements associated with homeland security.

Road Emergency Fund - The primary purpose of this fund is to account for funds that are being held in case of road related emergencies.

Parks and Recreation Fund - The primary purpose of this fund was to account for receipts and disbursements related to the county park. These funds are now being accounted for in the general fund.

Courthouse Construction Fund - The primary purpose of this fund was to account for construction costs related to the Metcalfe County Justice Center and has been closed.

Courthouse Renovation Fund - The primary purpose of this fund was to account for an anticipated grant to renovate the old courthouse.

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds

The fiscal court reports the following unbudgeted fund:

Public Properties Corporation Fund - The primary purpose of this fund is to account for debt service requirements of the revenue bond issued for the Metcalfe County Justice Center. The Department for Local Government does not require the fiscal court to budget these funds.

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board and according to the laws of Kentucky as required by the State Local Finance Officer.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Disbursements may not exceed budgeted appropriations at the activity level.

The State Local Finance Officer does not require the public properties corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Metcalfe County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Metcalfe County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the Board of Education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the Metcalfe County Fiscal Court.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

KRS 66.480 authorizes the county to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

Note 2. Deposits

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2016, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2016.

	General Fund	Road Fund	Federal Grants Fund	DES Fund	Total Transfers In
General Fund	\$	\$ 213,260	\$ 31,500	\$ 7,454	\$ 252,214
Road Fund			212,043	14,766	226,809
Jail Fund	106,000				106,000
Total Transfers Out	<u>\$ 106,000</u>	<u>\$ 213,260</u>	<u>\$ 243,543</u>	<u>\$ 22,220</u>	<u>\$ 585,023</u>

Reason for transfers:

To move resources from and to the general fund and other funds, for budgetary purposes, to the funds that will expend them.

Note 4. Long-term Debt

A. First Mortgage Refunding Revenue Bonds, Series 2010

Metcalf County Public Properties Corporation (PPC), an agency and instrumentality of the Metcalfe County Fiscal Court (fiscal court), issued obligations of \$4,180,000, dated September 29, 2010. The principal is payable in 13 annual installments beginning April 1, 2011, and interest is payable semiannually on April 1 and October 1 of each year at varying rates. The bonds were issued for the purpose of advance refunding the Metcalfe Public Properties Corporation First Mortgage Revenue Bonds, Series 2001, in the original amount of \$4,850,000 and Metcalfe County Public Properties Corporation First Mortgage Revenue Bonds, Series 2001B, in the original amount of \$400,000, which were issued for the purpose of the construction and equipping of a courthouse facility. The PPC entered into an agreement to lease the Metcalfe County Courthouse Facility to the fiscal court for the amount of the bond payments. The fiscal court has a sublease with the Administrative Office of the Courts, Commonwealth of Kentucky, for approximately 100 percent of the Metcalfe County Courthouse Facility. As of June 30, 2016, bonds outstanding were \$2,485,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 325,000	\$ 73,438
2018	335,000	65,313
2019	345,000	56,100
2020	355,000	45,750
2021	360,000	35,100
2022-2026	765,000	36,975
Totals	<u>\$ 2,485,000</u>	<u>\$ 312,676</u>

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 4. Long-term Debt (Continued)

B. Enrichment Center

On March 1, 2002, the Metcalfe County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust for the construction of the Metcalfe County Enrichment Center. The principal amount of the lease was \$250,000. The agreement requires monthly principal and interest payments at various interest rates for a period of 20 years. As of June 30, 2016, principal balance outstanding was \$90,771. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Interest
2017	\$ 13,582	\$ 3,667
2018	14,440	3,081
2019	15,351	2,456
2020	16,320	1,795
2021	17,350	1,090
2022	13,728	328
Totals	<u>\$ 90,771</u>	<u>\$ 12,417</u>

C. Enrichment Center - Land and Building

On February 13, 2004, the Metcalfe County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust for the acquisition of land and an additional building for the Metcalfe County Enrichment Center Project. The principal amount of the lease was \$162,000. The agreement requires annual principal and monthly interest payments at a rate of 3.88 percent for a period of 15 years. As of June 30, 2016, principal balance outstanding was \$79,990. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 8,703	\$ 3,471
2018	9,045	3,068
2019	9,400	2,643
2020	9,770	2,204
2021	10,153	1,739
2022-2024	32,919	2,095
Totals	<u>\$ 79,990</u>	<u>\$ 15,220</u>

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 4. Long-term Debt (Continued)

D. Nursing Home

On November 24, 2004, the Metcalfe County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust for the renovation of the Metcalfe County Nursing Home on behalf of the Metcalfe County Health Services, Inc. DBA Metcalfe Health Care Center. The agreement is that Metcalfe County Health Services, Inc. will make principal and interest payments to the fiscal court until paid in full. The principal amount of the lease was \$1,000,000. The agreement requires annual principal and monthly interest payments at a variable interest rate for a period of 20 years. As of June 30, 2016, principal balance outstanding was \$535,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 50,000	\$ 22,195
2018	55,000	19,765
2019	55,000	17,298
2020	60,000	14,655
2021	60,000	11,952
2022-2025	<u>255,000</u>	<u>18,520</u>
Totals	<u>\$ 535,000</u>	<u>\$ 104,385</u>

E. Road Equipment

On March 31, 2011, the Metcalfe County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust for the purchase of road equipment. The principal amount of the lease was \$250,000. The agreement required monthly principal and interest payments at a variable interest rate for a period of 60 months. As of June 30, 2016, the principal balance was paid in full.

F. Backhoe

On July 21, 2014, the Metcalfe County Fiscal Court entered into a lease agreement for the purchase of a backhoe. The principal amount of the lease was \$58,510. The agreement requires monthly principal and interest payments at a variable interest rate for a period of three years. As of June 30, 2016, the principal balance was \$29,084. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 14,276	\$ 1,239
2018	14,806	708
2019	<u>2</u>	<u></u>
Totals	<u>\$ 29,084</u>	<u>\$ 1,947</u>

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 4. Long-term Debt (Continued)

G. Road Trucks

On October 20, 2015, the Metcalfe County Fiscal Court entered into a lease agreement with a local bank for the purchase of three road trucks. The principal amount of the lease was \$74,281. The agreement requires annual principal and interest payments at a rate of 2.49 percent for a period of four years. As of June 30, 2016, principal balance was \$74,281. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 17,890	\$ 1,851
2018	18,337	1,403
2019	18,793	948
2020	19,261	480
Totals	<u>\$ 74,281</u>	<u>\$ 4,682</u>

H. Sheriff Department Vehicles

On October 20, 2015, the Metcalfe County Fiscal Court entered into a lease agreement with a local bank for the purchase of three sheriff department vehicles. The principal amount of the lease was \$98,963. The agreement requires monthly principal and interest payments at a rate of 2.49 percent for a period of four years. As of June 30, 2016, principal balance was \$83,146. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 24,226	\$ 1,793
2018	24,833	1,185
2019	25,459	560
2020	8,628	45
Totals	<u>\$ 83,146</u>	<u>\$ 3,583</u>

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 4. Long-term Debt (Continued)

I. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2016, was as follows:

	*(Restated)				
	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
Revenue Bonds	\$ 2,805,000	\$	\$ 320,000	\$ 2,485,000	\$ 325,000
Financing Obligations	827,166	173,243	108,137	892,272	128,677
Total Long-term Debt	<u>\$ 3,632,166</u>	<u>\$ 173,243</u>	<u>\$ 428,137</u>	<u>\$ 3,377,272</u>	<u>\$ 453,677</u>

* Beginning balance for financing obligations was restated by \$157,999 due to waterlines debt being shown as commitment debt as noted in Note 5B.

Note 5. Commitment Debt

A. Industrial Development Authority Building

On September 22, 2015, the county adopted a resolution authorizing guarantee indebtedness of the Edmonton-Metcalf Industrial Development Authority for construction of a building. On June 2, 2016, the county committed to \$350,000 of a \$1,000,304 loan agreement with a local bank as the guarantor in conjunction with the Edmonton-Metcalf County Industrial Authority. The county has not yet set up permanent financing for their portion of this project.

B. Waterlines

On February 3, 2014, the Metcalfe County Fiscal Court entered into an inter-local agreement with the City of Edmonton, KY for repayment of a Kentucky Infrastructure Authority Loan associated with waterline expansion in the county. The effective date of the loan from the Kentucky Infrastructure Authority (KIA) was April 1, 2014. The principal amount of the loan was \$174,907. The agreement requires the City of Edmonton to provide semi-annual payments of principal, interest, and fees at a fixed interest rate for a period of ten years. The inter-local agreement requires the fiscal court to provide the debt service payments to repay this loan acquired by the City of Edmonton. The fiscal court's obligation shall continue until the KIA loan has been paid in full. The fiscal court agrees to reserve sufficient funds each year in its annual budget to provide for such payments. The fiscal court's obligation for fiscal year 2016 was \$18,495. The outstanding principal balance as of June 30, 2016 was \$140,965.

Note 6. Employee Retirement System

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost sharing, multiple employer defined benefit pension plan that covers all eligible regular full-time members employed in non-hazardous duty positions in the county. The Plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of the plan members under certain circumstances. Benefit contributions and provisions are established by statute.

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 6. Employee Retirement System (Continued)

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute six percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 17.06 percent.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute five percent (nonhazardous) of their annual creditable compensation and one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent (nonhazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

The county's contribution for FY 2014 was \$211,062, FY 2015 was \$209,166, and FY 2016 was \$199,713.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

CERS also provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 6. Employee Retirement System (Continued)

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KRS also issues a proportionate share audit report that includes the total pension liability for CERS determined by actuarial valuation as well as each participating county's proportionate share. The Schedules of Employer Allocations and Pension Amounts by Employer report and the related actuarial tables are available online at <https://kyret.ky.gov/employers/GASB/Pages/GASB-Library.aspx>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

Note 7. Deferred Compensation

The Metcalfe County Fiscal Court voted on March 12, 2013, to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

Note 8. Insurance

For the fiscal year ended June 30, 2016, the Metcalfe County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 9. Subsequent Event

The county purchased land and a building on September 13, 2016, for \$135,000 at 203 North Main Street. This is one of the lots where the county intends to build a new courthouse.

Note 10. Prior Period Adjustments

The beginning balances of the general fund and road fund were restated by \$145 and \$433, respectively, due to prior year voided checks.

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2016

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2016

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,189,800	\$ 1,335,963	\$ 1,322,036	\$ (13,927)
In Lieu Tax Payments	270,000	270,000	188,002	(81,998)
Excess Fees	115,000	131,849	117,624	(14,225)
Licenses and Permits	2,300	2,300	1,490	(810)
Intergovernmental	176,300	182,255	141,018	(41,237)
Miscellaneous	183,600	194,841	164,126	(30,715)
Interest	19,000	19,358	17,716	(1,642)
Total Receipts	<u>1,956,000</u>	<u>2,136,566</u>	<u>1,952,012</u>	<u>(184,554)</u>
DISBURSEMENTS				
General Government	1,107,944	1,249,789	955,128	294,661
Protection to Persons and Property	247,200	247,250	161,093	86,157
General Health and Sanitation	267,472	268,072	191,952	76,120
Social Services	12,100	12,100	6,500	5,600
Recreation and Culture	1,500	2,224	774	1,450
Debt Service	165,000	165,000	139,554	25,446
Capital Projects	20,000	20,000		20,000
Administration	914,498	1,163,629	554,988	608,641
Total Disbursements	<u>2,735,714</u>	<u>3,128,064</u>	<u>2,009,989</u>	<u>1,118,075</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(779,714)</u>	<u>(991,498)</u>	<u>(57,977)</u>	<u>933,521</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds		98,867	98,963	96
Transfers From Other Funds	205,714	205,714	252,214	46,500
Transfers To Other Funds	<u>(176,000)</u>	<u>(176,000)</u>	<u>(106,000)</u>	<u>70,000</u>
Total Other Adjustments to Cash (Uses)	<u>29,714</u>	<u>128,581</u>	<u>245,177</u>	<u>116,596</u>
Net Change in Fund Balance	(750,000)	(862,917)	187,200	1,050,117
Fund Balance - Beginning (Restated)	<u>750,000</u>	<u>862,917</u>	<u>863,063</u>	<u>146</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,050,263</u>	<u>\$ 1,050,263</u>

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,721,199	\$ 1,767,840	\$ 1,519,193	\$ (248,647)
Miscellaneous	23,700	23,700		(23,700)
Interest	9,500	9,500	4,044	(5,456)
Total Receipts	<u>1,754,399</u>	<u>1,801,040</u>	<u>1,523,237</u>	<u>(277,803)</u>
DISBURSEMENTS				
General Government		13	13	
General Health and Sanitation	16,500	17,774	16,830	944
Roads	1,568,372	1,825,129	1,446,909	378,220
Debt Service	64,000	64,000	21,579	42,421
Administration	399,813	262,595	153,051	109,544
Total Disbursements	<u>2,048,685</u>	<u>2,169,511</u>	<u>1,638,382</u>	<u>531,129</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(294,286)</u>	<u>(368,471)</u>	<u>(115,145)</u>	<u>253,326</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds		74,185	74,281	96
Transfers From Other Funds			226,809	226,809
Transfers To Other Funds	(205,714)	(205,714)	(213,260)	(7,546)
Total Other Adjustments to Cash (Uses)	<u>(205,714)</u>	<u>(131,529)</u>	<u>87,830</u>	<u>219,359</u>
Net Change in Fund Balance	(500,000)	(500,000)	(27,315)	472,685
Fund Balance - Beginning (Restated)	<u>500,000</u>	<u>500,000</u>	<u>430,557</u>	<u>(69,443)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 403,242</u>	<u>\$ 403,242</u>

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 107,800	\$ 112,800	\$ 87,634	\$ (25,166)
Miscellaneous	700	700	205	(495)
Interest	500	500	90	(410)
Total Receipts	<u>109,000</u>	<u>114,000</u>	<u>87,929</u>	<u>(26,071)</u>
DISBURSEMENTS				
Protection to Persons and Property	181,651	182,037	153,475	28,562
Administration	33,349	85,704	16,887	68,817
Total Disbursements	<u>215,000</u>	<u>267,741</u>	<u>170,362</u>	<u>97,379</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(106,000)</u>	<u>(153,741)</u>	<u>(82,433)</u>	<u>71,308</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>106,000</u>	<u>106,000</u>	<u>106,000</u>	
Total Other Adjustments to Cash (Uses)	<u>106,000</u>	<u>106,000</u>	<u>106,000</u>	
Net Change in Fund Balance		(47,741)	23,567	71,308
Fund Balance - Beginning		<u>47,741</u>	<u>47,741</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 71,308</u>	<u>\$ 71,308</u>

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 9,757	\$ (20,243)
Miscellaneous	100	100		(100)
Interest	200	200	38	(162)
Total Receipts	<u>30,300</u>	<u>30,300</u>	<u>9,795</u>	<u>(20,505)</u>
DISBURSEMENTS				
General Government	36,281	36,281	18,734	17,547
Social Services	4,000	4,000	3,875	125
Administration	40,019	53,150	4,199	48,951
Total Disbursements	<u>80,300</u>	<u>93,431</u>	<u>26,808</u>	<u>66,623</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(50,000)</u>	<u>(63,131)</u>	<u>(17,013)</u>	<u>46,118</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>10,000</u>	<u>10,000</u>		<u>(10,000)</u>
Total Other Adjustments to Cash (Uses)	<u>10,000</u>	<u>10,000</u>		<u>(10,000)</u>
Net Change in Fund Balance	(40,000)	(53,131)	(17,013)	36,118
Fund Balance - Beginning	<u>40,000</u>	<u>53,131</u>	<u>53,131</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,118</u>	<u>\$ 36,118</u>

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

	STATE GRANTS FUND			
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 33,696	\$ (66,304)
Miscellaneous			38	38
Interest	1,000	1,000	209	(791)
Total Receipts	<u>101,000</u>	<u>101,000</u>	<u>33,943</u>	<u>(67,057)</u>
DISBURSEMENTS				
General Government	2,000	2,000		2,000
General Health and Sanitation	100,500	122,516	53,497	69,019
Capital Projects	12,500	12,500		12,500
Administration	36,000	110,000		110,000
Total Disbursements	<u>151,000</u>	<u>247,016</u>	<u>53,497</u>	<u>193,519</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(50,000)</u>	<u>(146,016)</u>	<u>(19,554)</u>	<u>126,462</u>
Net Change in Fund Balance	(50,000)	(146,016)	(19,554)	126,462
Fund Balance - Beginning	<u>50,000</u>	<u>146,016</u>	<u>146,016</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 126,462</u>	<u>\$ 126,462</u>

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,000,000	\$ 2,000,000	\$ 374,486	\$ (1,625,514)
Interest	1,000	1,000	288	(712)
Total Receipts	<u>2,001,000</u>	<u>2,001,000</u>	<u>374,774</u>	<u>(1,626,226)</u>
DISBURSEMENTS				
General Government	60,000	60,000		60,000
Protection to Persons and Property	1,430,000	1,430,000	86,725	1,343,275
Capital Projects	400,000	400,000		400,000
Administration	121,000	281,316		281,316
Total Disbursements	<u>2,011,000</u>	<u>2,171,316</u>	<u>86,725</u>	<u>2,084,591</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(10,000)</u>	<u>(170,316)</u>	<u>288,049</u>	<u>458,365</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(243,543)	(243,543)
Total Other Adjustments to Cash (Uses)			<u>(243,543)</u>	<u>(243,543)</u>
Net Change in Fund Balance	(10,000)	(170,316)	44,506	214,822
Fund Balance - Beginning	<u>10,000</u>	<u>170,316</u>	<u>170,316</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 214,822</u>	<u>\$ 214,822</u>

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

	DES FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 38,800	\$ 72,204	\$ 64,291	\$ (7,913)
Interest	200	200	28	(172)
Total Receipts	<u>39,000</u>	<u>72,404</u>	<u>64,319</u>	<u>(8,085)</u>
DISBURSEMENTS				
Protection to Persons and Property	71,961	74,821	57,980	16,841
Administration	37,039	107,980	17,581	90,399
Total Disbursements	<u>109,000</u>	<u>182,801</u>	<u>75,561</u>	<u>107,240</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(70,000)</u>	<u>(110,397)</u>	<u>(11,242)</u>	<u>99,155</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	60,000	60,000		(60,000)
Transfers To Other Funds			(22,220)	(22,220)
Total Other Adjustments to Cash (Uses)	<u>60,000</u>	<u>60,000</u>	<u>(22,220)</u>	<u>(82,220)</u>
Net Change in Fund Balance	(10,000)	(50,397)	(33,462)	16,935
Fund Balance - Beginning	<u>10,000</u>	<u>50,397</u>	<u>50,397</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,935</u>	<u>\$ 16,935</u>

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

	AMBULANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 250,000	\$ 250,000	\$ 230,519	\$ (19,481)
Licenses and Permits	5,000	5,000		(5,000)
Intergovernmental	34,000	34,000	26,748	(7,252)
Miscellaneous	1,000	1,000		(1,000)
Interest	7,500	7,500	3,832	(3,668)
Total Receipts	<u>297,500</u>	<u>297,500</u>	<u>261,099</u>	<u>(36,401)</u>
DISBURSEMENTS				
General Government	36,000	36,000	10,035	25,965
Protection to Persons and Property	345,500	345,500	138,024	207,476
Debt Service	27,000	27,000		27,000
Administration	609,000	1,036,906		1,036,906
Total Disbursements	<u>1,017,500</u>	<u>1,445,406</u>	<u>148,059</u>	<u>1,297,347</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(720,000)</u>	<u>(1,147,906)</u>	<u>113,040</u>	<u>1,260,946</u>
Other Adjustments to Cash (Uses)				
Lease Proceeds	120,000	120,000		(120,000)
Total Other Adjustments to Cash (Uses)	<u>120,000</u>	<u>120,000</u>		<u>(120,000)</u>
Net Change in Fund Balance	(600,000)	(1,027,906)	113,040	1,140,946
Fund Balance Beginning	<u>600,000</u>	<u>1,027,906</u>	<u>1,027,906</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,140,946</u>	<u>\$ 1,140,946</u>

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

	SPAY AND NEUTER FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 660	\$ (4,340)
Interest	20	20	1	(19)
Total Receipts	<u>5,020</u>	<u>5,020</u>	<u>661</u>	<u>(4,359)</u>
DISBURSEMENTS				
General Health and Sanitation	5,000	5,000	660	4,340
Administration	1,020	1,025		1,025
Total Disbursements	<u>6,020</u>	<u>6,025</u>	<u>660</u>	<u>5,365</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,000)</u>	<u>(1,005)</u>	<u>1</u>	<u>1,006</u>
Net Change in Fund Balance	(1,000)	(1,005)	1	1,006
Fund Balance - Beginning	<u>1,000</u>	<u>1,005</u>	<u>1,005</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,006</u>	<u>\$ 1,006</u>

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

	HOMELAND SECURITY FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 50,000	\$ 50,000		\$ (50,000)
Interest	100	100		(100)
Total Receipts	<u>50,100</u>	<u>50,100</u>		<u>(50,100)</u>
DISBURSEMENTS				
Protection to Persons and Property	50,000	50,000		50,000
Administration	1,100	1,315		1,315
Total Disbursements	<u>51,100</u>	<u>51,315</u>		<u>51,315</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,000)</u>	<u>(1,215)</u>		<u>1,215</u>
Net Change in Fund Balance	(1,000)	(1,215)		1,215
Fund Balance - Beginning	<u>1,000</u>	<u>1,215</u>	1,215	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,215</u>	<u>\$ 1,215</u>

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

	ROAD EMERGENCY FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 2,000	\$ 2,000	\$ 493	\$ (1,507)
Total Receipts	2,000	2,000	493	(1,507)
DISBURSEMENTS				
Roads	100,000	100,000		100,000
Administration	142,000	147,975		147,975
Total Disbursements	242,000	247,975		247,975
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(240,000)	(245,975)	493	246,468
Net Change in Fund Balance	(240,000)	(245,975)	493	246,468
Fund Balance - Beginning	240,000	245,975	245,975	
Fund Balance - Ending	\$ 0	\$ 0	\$ 246,468	\$ 246,468

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

PARKS AND RECREATION FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 0	\$ 0	\$ 0	\$ 0
Total Receipts				
DISBURSEMENTS				
Recreation and Culture Administration				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

COURTHOUSE CONSTRUCTION FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 0	\$ 0	\$ 0	\$ 0
Total Receipts				
DISBURSEMENTS				
Capital Projects				
Administration				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

COURTHOUSE RENOVATION FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 0	\$ 0	\$ 0	\$ 0
Total Receipts				
DISBURSEMENTS				
Capital Projects				
Administration				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

METCALFE COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2016

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board and according to the laws of Kentucky as required by the State Local Finance Officer.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Disbursements may not exceed budgeted appropriations at the activity level.

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METCALFE COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016

METCALFE COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2016

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Land and Land Improvements (Restated)	\$ 554,025	\$	\$	\$ 554,025
Buildings and Building Improvements	9,594,449			9,594,449
Machinery and Equipment	1,782,133	55,492		1,837,625
Vehicles	680,578	203,811	44,585	839,804
Infrastructure	5,078,505	366,723		5,445,228
Total Capital Assets	<u>\$ 17,689,690</u>	<u>\$ 626,026</u>	<u>\$ 44,585</u>	<u>\$ 18,271,131</u>

METCALFE COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - SCHEDULE OF CAPITAL ASSETS

June 30, 2016

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings and building improvements, equipment, machinery, vehicles, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	Capitalization Threshold	Useful Life (Years)
Land and Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Machinery and Equipment	\$ 2,500	3-25
Vehicles	\$ 2,500	3-25
Infrastructure	\$ 10,000	10-50

Note 2. Prior Period Adjustment

The beginning balance of land and land improvements was restated by \$28,000 due to the purchase of land not included in the prior year audit report.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Greg Wilson, Metcalfe County Judge/Executive
Members of the Metcalfe County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Metcalfe County Fiscal Court for the fiscal year ended June 30, 2016, and the related notes to the financial statement which collectively comprise the Metcalfe County Fiscal Court's financial statement and have issued our report thereon dated April 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Metcalfe County Fiscal Court's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Metcalfe County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Metcalfe County Fiscal Court's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Metcalfe County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

April 27, 2017

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

METCALFE COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2016**

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
METCALFE COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2016

The Metcalfe County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



County Judge/Executive



County Treasurer

